

Hi fellow owners,

Thanks for your time last night. There was a lot that we spoke through at the meeting.

We are sensitive to the fact that it is very difficult for each owner at this time. That it is both financially and emotionally draining. We ask for your support to be mindful of what you communicate and express, so we don't exacerbate a complex and fragile situation any more than we already have. Especially with the campaign for the sale of the Penthouses. Regardless of how adverse the situation is, we are determined and committed to working hard in completing the sale of the penthouses, managing the budget, and doing what we can to facilitate access for renovations to reoccupy the building.

Thanks Vicky, Sam, Christine & Gary

We have summarised the discussion below but wanted to reiterate some of the key messages:

- We, the SOC are doing everything we can to complete this project in the fastest, most cost-effective manner. We are interrogating all the contracts to determine if there is any way we can reduce the costs to complete. We are pushing all contractors to deliver as fast as possible. There are many complexities and challenges in the market with respect to supply of materials and services. We are in constant communication and working 7 days a week, as a coordinated team, to make sure the project is executed as quickly as possible. There are many stakeholders to manage, numerous expenses and documents that we have to continually interrogate to ensure they are correct and proper stewardship of owners funds
- We are also investigating if another financier is available at a lower rate. We will hold another owners meeting in approximately 3 weeks time to step all the owners through the estimated cost to complete;
- Unfortunately, the pathway to complete the stack works has resulted in every owners' bathroom requiring re-waterproofing. We wish another path could have been taken but given the condition of the stacks and branch lines we had no choice but to replace them. As discussed last night this will be at each individuals own expense;
- We have drafted an owner's renovation protocol, which is attached to this communication. We encourage owners to read this thoroughly and for those looking to renovate to get their plans to David Terry as soon as possible to get the appropriate approval to commence renovations. We are aiming to have the site partitioned and available for renovations to commence, if approvals are in place by Monday 19th September. As discussed in the meeting, given we don't currently have OC for the building, this was the only path available to allow renovations to commence before we get OC.
- We stepped through the current financial position of the project. We noted that we have approximately \$11.8m in funding available to complete the project (Approx. \$4.5m in undrawn loans, \$3m in principal repayments that can be redrawn and \$4.3m in proceeds from the sale of the land);
- As discussed, we explained that the payment of interest comes from drawdowns from the Lannock and we need owners to consider how they could fund future interest payments on their special levies as in 3-6 months we may not have sufficient funds to continue to pay this interest. See the table below for a calculation of the monthly interest cost per unit entitlement based on the special levy that was raised in July 2022.
- When we hold our next owners meeting we will provide further details on any further special levies that maybe required to be raised to repay the Lannock loan. We have included below the estimated interest payments (assuming a 9.55% interest rate) that are being paid on behalf of owners currently in relation to their outstanding special levies.

Skye Owners Committee Communication No.5. Date 7 September 2022

If you have already paid your special levy then no interest is accruing on your special levy payable.

Unit Entitlement	Special Levy Payable	Monthly Interest @ 9.55%
9	\$ 206,896.55	\$ 1,646.55
10	\$ 229,885.06	\$ 1,829.50
12	\$ 275,862.07	\$ 2,195.40
15	\$ 344,827.59	\$ 2,744.25
19	\$ 436,781.61	\$ 3,476.05

Summary of the discussion at the Owners meeting held on Monday 5th September at 6.30pm via zoom

1. Penthouse / Stacks / OC for the building

- Richard from SPMA gave an overview of the penthouse construction;
- He noted that the Construction Certificate was issued on 4th August and the penthouse construction is progressing;
- We discussed how we are getting a second quote for the internal fitout of the penthouse to ensure we have the best price;
- We talked about how we are looking at all the costings and interrogating everything we can;
- Re the Stacks, we noted that all vertical stacks are in and 42% of the branch lines are done;
- We are hoping to complete the majority of the stacks work by Monday, 19th September;
- We noted, that all bathrooms will require re-waterproofing and each owner will need to undertake this at their own cost;
- Re the OC for the building we are hoping to have all the documents lodged in the portal by Monday, 19th September. It usually takes 2-3 weeks to get the OC from this point.

2. Owners renovation protocol

- Sam stepped through the document we have prepared for all owners to understand the renovation process;
- Step 1 is to obtain sign-off from the Strata Committee for any renovations and we advised owners to get moving on submitting this to David Terry to allow them to commence renovations
- We discussed how we have agreed with Point Built to partition the site to allow owners to start renovating before Point Built finishes the penthouses.
- As part of this process Point Built asked for one builder to be responsible for the site where owners will renovate;
- We are aiming to have the site partitioned by Monday 19th September and therefore approved renovations can start after this date;
- Owners are encouraged to read this document in detail to ensure they can comply with all the information contained in the document.

3. Financial update

- Vicky stepped the owners through:
 - the outstanding loan balance;
 - how we are paying interest each month by drawing down on the loan;
 - the estimated funds available to complete the project including the land sale proceeds;
 - a view of the Balance Sheet and Profit & Loss for SP1731 and the project. This gives owners visibility of where our funds are being spent. Vicky has worked with Milly our accountant and will provide regular unaudited accounts to the owners going forward;
 - a summary of the loan maturity schedule and we noted that all loans have been moved to interest only for the next 2 years.
- We discussed that the payment of interest comes from drawdowns from the Lannock loan and we need owners consider how they could fund future interest payments on their special levies as in 3-6 months we may not have sufficient funds to continue to pay this interest.
- We indicated that we will give more clarity on the estimated costs to complete and the potential raising of any further levies to pay down the Lannock loan

4. Financial implications of the project

- We didn't have time in the meeting to discuss the financial implication paper that Michael Bennett, a tax barrister has prepared in relation to the project. As noted, in the paper each owner will need to get their own financial advice but given we have received this paper we wanted to share with owners.